

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01 USIA-15

DRC-01 /169 W

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R 202111Z MAY 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 3891

C O N F I D E N T I A L CARACAS 4528

E.O. 11652: N/A

TAGS: ENRG, VE

SUBJECT: REACTION TO PETROLEUM NATIONALIZATION STATEMENT

1. L. A. RAMSEY, PRESIDENT OF MENE GRANDE OIL COMPANY (GULF) CALLED ON AMBASSADOR TODAY AT AMBASSADOR'S REQUEST TO DISCUSS RECENT SPEECH MADE BY PRESIDENT PEREZ ON PETROLEUM NATIONALIZATION.

2. RAMSEY INDICATED THAT HE WAS NOT VERY CONCERNED ABOUT ANYTHING IN PRESIDENT PEREZ' SPEECH AND ON CONTRARY WAS ENCOURAGED BY SOME PARTS OF SPEECH, ESPECIALLY REFERENCE TO COMPANIES AS PARTNERS, AND SUGGESTION THAT AT LEAST MENE GRANDE AND LARGEST COMPANIES WOULD HAVE THEIR STRUCTURE MAINTAINED INTACT. IN RESPONSE TO A QUESTION FROM AMBASSADOR

ABOUT GULF'S REACTION TO PAYMENT OF COMPENSATION IN GOVERNMENT BONDS, RAMSEY SAID GULF WOULD OBVIOUSLY PREFER CASH BUT WOULD NOT BE SERIOUSLY CONCERNED ABOUT RECEIVING PAYMENT IN BONDS. HE DID THINK, HOWEVER, THAT IT WOULD BE USEFUL TO HAVE SOME SPECIAL ARRANGEMENT FOR NEW INVESTMENT

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THAT OCCURS BETWEEN NOW AND DATE OF NATIONALIZATION, SINCE COMPANIES

WOULD NOT VERY MUCH LIKE TO UNDERTAKE ADDITIONAL INVESTMENT WHICH WOULD  
MERELY BE CONVERTED INTO BONDS.

3. RAMSEY IS OPTIMISTIC ABOUT CHANCES FOR OIL COMPANIES TO LAY A  
CONTINUING SIGNIFICANT ROLE, NOT ONLY IN MARKETING VENEZUELAN OIL  
BUT ALSO IN OPERATIONS WITHIN VENEZUELA AFTER NATIONALIZATION. HE  
HAS REQUESTED INTERVIEWS WITH PRESIDENT PEREZ AND MINISTER OF MINES  
AND HYDROCARBONS VALENTIN HERNANDEZ WITH OBJECTIVE OF SOUNDING THEM  
OUT FURTHER ON THIS ASPECT OF VENEZUELAN PLANS. GULF'S MAIN  
INTEREST, LIKE THAT OF OTHER COMPANIES, IS IN CONTINUED ACCESS ON  
REASONABLE TERMS TO VENEZUELAN OIL.

4. RAMSEY'S GREATEST CONCERN AT THIS TIME IS THAT VENEZUELA MIGHT  
MAKE FURTHER REDUCTIONS IN OIL PRODUCTION, EITHER THROUGH FURTHER  
CONSERVATION RESTRICTIONS, OR THROUGH SOME SUCH PRETEXT AS LESSENING  
POLLUTION OF LAKE MARACAIBO. RAMSEY HAS NO INFORMATION THAT VENEZUELA  
IS ABOUT TO TAKE SUCH A DECISION BUT HE SENSES THAT MINISTER WOULD  
LIKE TO MOVE IN DIRECTION OF LOWERING OIL PRODUCTION. HE PROMISED TO  
LET EMBASSY KNOW IF HE PICKED UP ANY INFORMATION THAT WOULD TEND TO  
CONFIRM THIS FEAR.

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## Message Attributes

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